

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter, on the Commission's own motion,)	
regarding the regulatory reviews, revisions,)	
determinations, and/or approvals necessary for)	Case No. U-18266
UPPER MICHIGAN ENERGY RESOURCES)	
CORPORATION to fully comply with Public Act 295)	
of 2008, as amended by Public Act 342 of 2016.)	
_____)	

At the December 20, 2017 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. Sally A. Talberg, Chairman
Hon. Norman J. Saari, Commissioner
Hon. Rachael A. Eubanks, Commissioner

ORDER APPROVING SETTLEMENT AGREEMENT

On March 28, 2017, the Commission opened this docket and directed Upper Michigan Energy Resources Corporation (UMERC) to file its energy waste reduction (EWR) plan for the 2018 and 2019 calendar years, as required by Public Act 295 of 2008, as amended by Public Act 342 of 2016. On July 3, 2017, UMERB filed an application, with supporting testimony and exhibits, for approval of its EWR plan for the 2018 and 2019 calendar years.

A prehearing conference was held on August 17, 2017, before Administrative Law Judge Suzanne D. Sonneborn. UMERB and the Commission Staff participated in the proceeding, and a case schedule was established. Subsequently, the parties submitted a settlement agreement resolving all the issues in the case.

The Commission has reviewed the settlement agreement and finds that the public interest is adequately represented by the parties who entered into the settlement agreement. The Commission further finds that the settlement agreement is in the public interest, represents a fair and reasonable resolution of the proceedings, and should be approved.

THEREFORE, IT IS ORDERED that:

A. The settlement agreement, attached as Exhibit A, is approved.

B. Upper Michigan Energy Resources Corporation's energy waste reduction plan for the 2018 and 2019 calendar years is approved as in compliance with Public Act 295 of 2008, as amended by Public Act 342 of 2016.

C. Thirty days prior to implementation, Upper Michigan Energy Resources Corporation shall file with the Commission tariff sheets substantially in conformity with Attachment A to the settlement agreement.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, under MCL 462.26. To comply with the Michigan Rules of Court's requirement to notify the Commission of an appeal, appellants shall send required notices to both the Commission's Executive Secretary and to the Commission's Legal Counsel.

Electronic notifications should be sent to the Executive Secretary at mpscedockets@michigan.gov and to the Michigan Department of the Attorney General - Public Service Division at pungp1@michigan.gov. In lieu of electronic submissions, paper copies of such notifications may be sent to the Executive Secretary and the Attorney General - Public Service Division at 7109 W. Saginaw Hwy., Lansing, MI 48917.

MICHIGAN PUBLIC SERVICE COMMISSION

Sally A. Talberg, Chairman

Norman J. Saari, Commissioner

Rachael A. Eubanks, Commissioner

By its action of December 20, 2017.

Kavita Kale, Executive Secretary

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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UPPER MICHIGAN ENERGY RESOURCES)	
CORPORATION to fully comply with Public Act 295)	
<u>of 2008, as amended by Public Act 342 of 2016.</u>)	

SETTLEMENT AGREEMENT

Pursuant to MCL 24.278 and Rule 431 of the Rules of Practice and Procedure before the Michigan Public Service Commission ("Commission"), Mich Admin Code, R 792.17431, Upper Michigan Energy Resources Corporation ("UMERC" or the "Company"), and the Commission Staff ("Staff"), agree as follows:

1. On March 28, 2017, the Commission issued its Order in Case No. U-18260 et al., opening the docket in this matter and directing UMEREC to file its energy waste reduction ("EWR") plan for the 2018 and 2019 calendar years by July 3, 2017. On July 3, 2017, UMEREC filed its application and the supporting testimony and exhibits of Eric Alan Rogers, James M. Beyer and Diane J. Mier.

2. On July 14, 2017, the Commission's Executive Secretary issued the Notice of Hearing in this proceeding directing UMEREC to: (i) mail a copy of the Notice of Hearing to all cities, incorporated villages, townships and counties in its Michigan electric and natural gas service area and to intervenors in Case No. U-17776; (ii) publish the Notice of Hearing in daily newspapers of general circulation throughout its Michigan electric and natural gas service area; and (iii) serve upon each person who petitioned to intervene a copy of the written direct

testimony of its proposed witnesses and the proposed exhibits as filed with the Commission. On August 2, 2017, the Company electronically filed its affidavit of mailing, proofs of publication, and proof of service in compliance with these notice directives.

3. On August 17, 2017, Administrative Law Judge (“ALJ”) Suzanne D. Sonneborn conducted the prehearing conference. Staff participated in the prehearing conference, and a case schedule was established.

4. Following the prehearing conference, the parties participated in settlement discussions and agree as follows:

a. The Company’s application meets the requirements of 2008 Public Act 295, as amended by 2016 Public Act 342, is reasonable and in the public interest, and should be approved by the Commission.

b. In lieu of establishing an EWR plan, for 2018-2019, pursuant to MCL 460.1091, UMERB will make alternative compliance payments based on 2.0% of total utility sales revenues for the second year preceding to an independent EWR program administrator selected by the Commission (“Administrator”). In connection with electric services, UMERB will pay \$897,587 to the Administrator in 2018 in connection with electric services provided in the WEPCo Rate Zone, and UMERB will pay \$402,448 to the Administrator in 2018 in connection with electric services provided in the WPSC Rate Zone. In connection with natural gas service, UMERB shall pay \$67,183 to the Administrator in 2018. The amounts to be paid in 2019 will be finalized as actual 2017 revenues become known. Each annual amount shall be paid to the EWR administrator, and accounted for, in equal monthly installments over the applicable calendar year.

c. Effective for service rendered on and after January 1, 2018 the Company shall charge the EWR surcharges as set forth on the tariff sheets attached hereto as Attachment A.

d. In accordance with direction provided in prior Commission orders (U-15800 and U-18260) the Administrator's natural gas savings target may be adjusted downward to reflect the funding limitations for the large transportation only customers. This adjustment may be further refined and revisited in a collaborative setting in order to reach a uniform methodology among all gas utilities.

e. The Company shall continue to file reconciliations for each calendar year for the preceding calendar year's revenues and costs in accordance with due dates established by the Commission. The Company shall file with the Commission an application, including supporting testimony and exhibits: (1) reconciling for the period covered, the revenue billed; with (a) actual costs, *i.e.* payments made to the EWR program administrator, for purposes of determining interest on any over-recoveries and under-recoveries; and (b) the levelized revenue requirements, for purposes of determining revised EWR surcharges; (2) calculating revenue over-recovery or under-recovery in total and by each major customer class; (3) including interest at the Company's short-term borrowing rate on any over-recoveries and under-recoveries; and (4) if appropriate, proposing revised EWR surcharges, which shall include an amount designed to true-up such reconciliation amounts.

5. All of the parties are of the opinion that this settlement agreement is reasonable, prudent and will aid in the expeditious conclusion of this case.

6. This settlement agreement is entered into for the sole and express purpose of reaching a compromise among the parties. All offers of settlement and discussions relating to

this settlement are considered privileged under MRE 408. If the Commission approves this settlement agreement without modification, neither the parties to the settlement nor the Commission shall make any reference to, or use this settlement agreement or the order approving it, as a reason, authority, rationale or example for taking any action or position or making any subsequent decision in any other case or proceeding; provided, however, such references may be made to enforce or implement the provisions of this settlement agreement and the order approving it.


7. Pursuant to Rule 431(6) of the Commission's Rules of Practice and Procedure, R 792.17431(6) the parties agree any order approving this settlement agreement shall not establish precedent for future proceedings and shall not be used as such. This settlement agreement is based on the facts and circumstances of this case and is intended as the final disposition of Case No. U-18266 only. If the Commission approves this settlement agreement, without modification, the undersigned parties agree not to appeal, challenge or otherwise contest the Commission order approving this settlement agreement only.

8. This settlement agreement is not severable. Each provision of this settlement agreement is dependent upon all other provisions of this settlement agreement. Failure to comply with any provision of this settlement agreement constitutes failure to comply with the entire settlement agreement. If the Commission rejects or modifies this settlement agreement or any provision of this settlement agreement, this settlement agreement shall be deemed to be withdrawn, shall not constitute any part of the record in this proceeding or be used for any other purpose, and shall not operate to prejudice the pre-negotiation positions of any party.

9. The parties agree to waive Section 81 of the Administrative Procedures Act of 1969 (MCL 24.281), as it applies to the issues in this proceeding, if the Commission approves this settlement agreement without modification.

UPPER MICHIGAN ENERGY RESOURCES
CORPORATION


Dated: December 1, 2017

By: **Michael
C.
Rampe**  Digitally signed by: Michael C.
Rampe
DN: CN = Michael C. Rampe C =
US O = Miller Canfield
Date: 2017.12.01 10:19:09 -
04'00'

Its Attorney
Michael C. Rampe (P58189)
MILLER, CANFIELD, PADDOCK and STONE, P.L.C.
One Michigan Avenue, Suite 900
Lansing, Michigan 48933
(517) 487-2070

MICHIGAN PUBLIC SERVICE COMMISSION STAFF

Dated: December 1, 2017

By: 

Its Attorney
Michael J. Orris (P51232)
Assistant Attorney General
Michigan Public Service Commission
7109 W. Saginaw Highway
Lansing MI 48917
(517) 284-8140

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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<u>of 2008, as amended by Public Act 342 of 2016.</u>)	

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ENERGY ~~OPTIMIZATION~~ WASTE REDUCTION SURCHARGE

RESIDENTIAL RATE SCHEDULES

Customers on the Rg1 and Rg2 rate schedules shall receive a Delivery/distribution Energy ~~Waste Reduction Optimization~~ Surcharge per kWh, as indicated below:
~~\$0.00295~~~~\$0.00347~~

GENERAL SECONDARY, GENERAL PRIMARY, AND LIGHTING RATE SCHEDULES

Customers on the following rate schedules shall receive a Delivery/distribution Energy ~~Waste Reduction Optimization~~ Surcharge per meter*, per day, as indicated below.

RATE SCHEDULE	Customers without a Self-Directed Plan	Customers with a Self-Directed Plan
	RATE	RATE
Cg 1	\$0.20840 \$0.25248	\$0.01876 \$0.01591
Cg 2	\$0.40063 \$0.49377	\$0.03606 \$0.03111
Cg 3	\$3.15051 \$4.35422	\$0.28355 \$0.27432
Cg3C	\$3.15051 \$4.35422	\$0.28355 \$0.27432
Cg 5	\$0.44155 \$0.33326	\$0.03974 \$0.02100
Cp 1	\$11.59323 \$16.23704	\$1.04339 \$1.02293
Cp 2	\$156.10995 \$165.37226	\$14.04990 \$10.41845
Cp 3	\$156.10995 \$165.37226	\$14.04990 \$10.41845
Cp 4	\$156.10995 \$165.37226	\$14.04990 \$10.41845
A	\$21.04501 \$15.83650	\$1.89405 \$0.99770
Cp LC	\$3,783.48 \$2,122.44	\$378.35 \$133.71
TssM	\$0.16432 \$0.10311	\$0.01479 \$0.00650
TssU	\$0.16432 \$0.10311	\$0.01479 \$0.00650
Special Contracts	\$29.21608 \$38.17612	\$2.62945 \$2.40510

* Company assumes one meter per service point.

Customers on the following rate schedules shall receive a Delivery/distribution Energy ~~Waste Reduction Optimization~~ Surcharge per lamp, per month, as indicated below.

Lamp Size (Watts)	Customers without a Self-Directed Plan			Customers with a Self-Directed Plan		
	RATE			RATE		
	<u>GL1</u>	<u>Ms2</u>	<u>Ms3</u>	<u>GL1</u>	<u>Ms2</u>	<u>Ms3</u>
50	*	\$0.13	\$0.13	*	\$0.01	\$0.01
70	\$0.18	\$0.18	\$0.18	\$0.02	\$0.02	\$0.02
100	\$0.25	\$0.25	\$0.25	\$0.02	\$0.02	\$0.02
150	\$0.38	\$0.38	\$0.38	\$0.04	\$0.04	\$0.04
175	\$0.44	\$0.44	\$0.44	\$0.04	\$0.04	\$0.04
200	\$0.51	\$0.51	\$0.51	\$0.05	\$0.05	\$0.05
250	\$0.64	\$0.64	\$0.64	\$0.06	\$0.06	\$0.06
400	\$1.02	\$1.02	\$1.02	\$0.10	\$0.10	\$0.10
1000	*	*	\$2.54	*	*	\$0.24

* Not available for this rate.

(Continued on Sheet No. D-5.02)

Issued ~~XXXXXXXX~~~~December 21, 2016~~
T. T. Eidukas
Vice-President,
Milwaukee, Wisconsin

Effective for service rendered on and
after January 1, ~~2017~~~~2018~~

Issued under authority of the
Michigan Public Service Commission
dated ~~XXXXXXXX~~~~December 20, 2016~~
in Case No. U-18019

ENERGY ~~OPTIMIZATION~~ WASTE REDUCTION SURCHARGE
(Continued From Sheet No. D-5.01)

LED STREET LIGHTING SERVICE RATE SCHEDULE

The LED1 rate schedule shall receive an Energy ~~Waste Reduction Optimization~~ Surcharge per kWh as shown below. The kWh usage shall be calculated by multiplying the rated input wattage of the original fixture and related accessory equipment by 350 hours.

Customers without a self-directed plan	\$0.00729
Customers with a self-directed plan	\$0.00069

MUNICIPAL DEFENSE SIREN RATE SCHEDULE

The Mg1 rate schedule shall receive an Energy ~~Optimization~~ ~~Waste Reduction~~ Surcharge per year or any part of a year for each 2 horsepower or fraction thereof for each siren installed, as shown below.

Customers without a self-directed plan	\$0. 44 12
Customers with a self-directed plan	\$0.01

OTHER RATE SCHEDULES

The following rate schedules shall receive an Energy ~~Waste Reduction Optimization~~ Surcharge as indicated above consistent with the rate schedule under which the customer is served. The Energy ~~Waste Reduction Optimization~~ Surcharge is not prorated based on the level of participation selected under rate schedules ERER1, ERER2 or ERER3.

RATE SCHEDULE

ERER1

ERER2

ERER3

Ds1

CGS Category 1

Customers contracting for Retail Access Service

Issued ~~XXXXXXXX~~December 21, 2016
T. T. Eidukas
Vice-President,
Milwaukee, Wisconsin

Effective for service rendered on and
after January 1, ~~2017~~2018

Issued under authority of the
Michigan Public Service Commission
dated ~~XXXXXXXX~~December 9, 2016
in Case No. U-18061

D12. ENERGY WASTE REDUCTION (EWR)

EWR

ENERGY WASTE REDUCTION SURCHARGE

This surcharge permits, pursuant to Section 91(4) of 2008 PA 295, as amended by 2016 PA 342, the adjustment of distribution rates, via the application of an Energy Waste Reduction Surcharge, to allow recovery of the energy waste reduction alternative compliance payment made by the Company in compliance with Section 91(1) of 2008 PA 295, as amended by 2016 PA 342.

All customer bills subject to the provisions of this tariff, including any bills rendered under special contract, shall be adjusted by the Energy **Waste Reduction** Surcharge per kWh or Customer as follows:

<u>Tariff</u>	<u>Energy Charges</u>
Rg-1M	\$0.0022 /kWh
RG-OTOU-1M	\$0.0022 /kWh

<u>Tariff</u>	<u>Per Month/Meter</u>	<u>Per Day/Meter</u>
Cg-1M	\$3.32 \$3.24	\$0.1092 \$0.1065
Cg-1M Seasonal	\$6.64 \$6.48	\$0.2183 \$0.2130
Cg-OTOU-1M	\$3.32 \$3.24	\$0.1092 \$0.1065
Cg-OTOU-1M Seasonal	\$6.64 \$6.48	\$0.2183 \$0.2130
Cg-3M	\$39.62 \$38.56	\$1.3026 \$1.2677
Cg-3M Seasonal	\$79.24 \$77.12	\$2.6052 \$2.5355
Mp-1M	\$39.62 \$38.56	\$1.3026 \$1.2677
Cp-1M (Secondary)	\$76.29 \$75.98	\$2.5082 \$2.4980
Cp-1M (Primary)	\$76.29 \$75.98	\$2.5082 \$2.4980
Cp-1M (Transmission <10MW)	\$2,289.43 \$2,237.56	\$75.2689 \$73.5636
Cp-1M (Transmission >10MW)	\$8,629.54 \$8,496.93	\$283.7109 \$279.3511
Ls-1M	\$0.18	\$0.0059

Issued ~~XXXXXXXX~~~~September 19, 2017~~
T. T. Eidukas
Vice-President,
Milwaukee, Wisconsin

Effective for service rendered on and
after ~~January 1, 2018~~~~October 1, 2017~~

Issued under authority of the
Michigan Public Service Commission
dated ~~XXXXXXXX~~~~September 15, 2017~~
No. U-18336

**SECTION D
RATE SCHEDULES**

D3. SUPPLEMENTAL CHARGES

NATURAL GAS

- Each Rate Schedule may be subject to Rule C3, Customer Attachment Program.
- Energy **Waste Reduction (EWR)** Surcharge – This surcharge is pursuant to Section 91(4) of 2008 PA 295, *as amended by 2016 PA 342*, the adjustment of distribution service rates, via the application of an Energy **Waste Reduction** Surcharge, to allow recovery of the energy **waste reduction** alternative compliance payment made by the Company in compliance with Section 91(1) of 2008 PA 295, *as amended by 2016 PA 342*. The **EWR** compliance payments and the associated surcharges are subject to a reconciliation mechanism.

The approved Energy **Waste Reduction** Surcharges are listed below:

<u>Customer Class</u>	<u>EWR Surcharge</u>	
Residential	\$0.00540.0095 /Therm	
	<u>Per Day/meter</u>	<u>Per Month/meter</u>
C & I Small-year round customers	\$0.03020.0513	\$0.921.56
C & I Small-seasonal customers	\$0.06040.1026	\$1.843.12
C & I Large	\$0.55810.6086	\$16.9818.51
Transportation Medium*	--	---
Transportation Large	\$0.59170.4588	\$18.0013.95
Transportation Super Large	\$8.24669.2170	\$250.83280.35

* No customers currently on this rate

Issued ~~September 19xxxx xx~~, 2017
T. T. Eidukas
Vice-President,
Milwaukee, Wisconsin

Effective for service rendered on and
after ~~October 1xxxx xx~~, 2017
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